

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CLARK RURAL)	
ELECTRIC COOPERATIVE CORPORATION OF)	CASE NO.
WINCHESTER, KENTUCKY, FOR AN ORDER)	95-067
AUTHORIZING FINANCING ACCORDING TO)	
THE COOPERATIVE'S TWO YEAR WORK PLAN)	

O R D E R

Clark Rural Electric Cooperative Corporation ("Clark") filed its application on February 17, 1995 for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes for such loan. The proceeds of this loan will partially finance Clark's 1994-1995 Work Plan.¹ This Work Plan calls for improvements and additions specifically described in the application, which are estimated to cost \$3,851,712 and are to be financed by a \$2,695,000 loan from the Rural Utilities Service ("RUS"), the \$1,155,000 loan from CFC, and \$1,712 from Clark's internally generated funds.

On February 17, 1995, Clark filed a copy of correspondence received from RUS and CFC approving the loans.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

¹ Clark received a Certificate of Public Convenience and Necessity for the 1994-1995 Work Plan in Case No. 93-277, The Application of Clark Rural Electric Cooperative Corporation of Winchester, Kentucky, For Commission Approval of a Certificate of Public Convenience and Necessity to Construct According to the Cooperative's 1994-1995 Two Year Work Plan, Order dated December 2, 1993.

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Clark, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

2. Clark is capable of executing its notes as security for the loan as stated herein.

3. Clark should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Clark should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Clark's application.

6. Clark should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, KRS 278.300(10), and as the RUS is an agency of the federal government, no action on Clark's proposed loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Clark be and it hereby is authorized to borrow \$1,155,000 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Clark at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

2. Clark be and it hereby is authorized to execute its notes as security for the loan herein authorized.

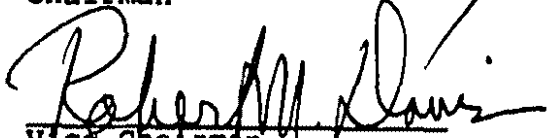
3. Clark shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 14th day of April, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director